

Message Text

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PAGE 01 MADRID 02537 150615Z

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SUBJ: SOFICO

REF: MADRID 1764, 1558

1. EMBOFF CECCHINI DISCUSSED DEVELOPMENTS IN SOFICO CASE WITH NEW COURT INTERVENTOR SR. GREGORIO MINGOT CONDE APRIL 10. LISTS OF SOME 5000 INVESTORS IN SOFICO INVERSIONES AND SOFICO RENTA HAD FINALLY BEEN PREPARED AND BROKEN DOWN INTO NATIONAL GROUPS. INDIVIDUAL FILES ARE BEING CROSSED CHECKED WITH MASTER LISTS TO AVOID DISCREPANCIES. MINGOT GAVE HIS ASSURANCE THAT INTERESTS OF AMERICAN INVESTORS ARE BEING GIVEN EQUAL TREATMENT IN THIS WORK.

2. EMBOFF WAS PERMITTED TO LOOK AT LISTS OF AMERICAN INVESTORS. THERE ARE EIGHTY (80) AMERICAN PURCHASERS OF APARTMENTS FROM SOFICO INVERSIONES. ABOUT 80 PERCENT OF THESE APARTMENTS HAVE BEEN COMPLETED AND THE OWNERS HAVE ESCRITURAS (TITLES) TO THEIR APARTMENTS. THERE ARE FIFTY ONE (51) AMERICAN INVESTORS OWNING SHARES IN SOFICO RENTA. EMBOFF ESTIMATES EACH APARTMENT BOUGHT FROM SOFICO INVERSIONES REPRESENTS AN AVERAGE \$15,000 INVESTMENT AND THAT AVERAGE AMERICAN SHARE HOLDING IN SOFICO RENTA IS IN NEIGHBORHOOD OF \$1,000 TO 2,000. THIS WOULD YIELD POSSIBLE \$1.5 MILLION TOTAL AMERICAN INTEREST IN SOFICO. EMBOFF
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MADRID 02537 150615Z

ALSO BRIEFLY REVIEWED LISTS OF CANADIAN INVESTORS; FIFTY NINE

(59) PURCHASERS OF APARTMENTS FROM SOFICO INVERSIONES AND THIRTY TWO (32) SHAREHOLDERS IN SOFICO RENTAL

3. THERE IS NO LIST OF PEOPLE WHO HAVE CONTRACTED WITH SOFICO VACACIONES TO RENT THEIR APARTMENTS. HOWEVER, THIS GROUP CANNOT EXCEED THE NUMBER WHO HAVE PURCHASED APARTMENTS FROM SOFICO INVERSIONES. EMBASSY ESTIMATES THAT 75 PERCENT OF AMERICAN APARTMENT OWNERS HAVE CONTRACTS WITH SOFICO VACACIONES.

4. EMBOFF EXPRESSED SURPRISE AT RELATIVELY SMALL NUMBER OF AMERICAN INVESTORS ESPECIALLY SINCE SOFICO MAINTAINED TWO OFFICES IN US-NEW YORK AND CHICAGO. HE ADDED THAT SEC UNDERSTANDS FILES OF SOFICO OFFICES IN US WERE SENT TO HEAD OFFICE. MINGOT SAID HE HAD NOT FOUND SUCH FILES.

5. EMBOFF ASKED FOR COPIES OF LISTS OF AMERICAN INVESTORS IN SOFICO INVERSIONES AND SOFICO RENTAL MINGOT SAID HE WAS WILLING TO DO SO BUT THAT THIS WAS FOR THE JUDGE HANDLING THE CASE, SR. D. JOSE IGNACIO GIMENEZ HERNANDEZ, TO DECIDE.

6. EMBOFF MET WITH JUDGE FOLLOWING DAY. HE REITERATED DESIRE OF EMBASSY AND SEC TO PROTECT INTERESTS OF AMERICAN INVESTORS IN SOFICO. JUDGE STATED THAT HE WAS WILLING TO REPLY TO ANY WRITTEN REQUEST FOR INFORMATION ABOUT SOFICO'S ACTIVITIES BOTH IN SPAIN AND THE US. EMBOFF POINTED OUT THAT EMBASSY HAD ALREADY REQUESTED THIS INFORMATION IN AN OFFICIAL NOTE TO THE FOREIGN MINISTRY OVER A MONTH AGO. THE JUDGE REPLIED THAT THIS REQUEST HAD NOT REACHED HIM AND THAT IT WOULD BE FASTER TO MAKE THE REQUEST IN A LETTER TO THE COURT INTERVENTOR AT THE SOFICO OFFICE.

7. EMBOFF SPECIFICALLY ASKED IF JUDGE WOULD PROVIDE COPIES OF LISTS OF AMERICAN INVESTORS ALONG WITH OTHER INFORMATION. THE JUDGE REPLIED THAT HE COULD NOT DIVULGE INFORMATION ON INDIVIDUAL INVESTORS WITHOUT THEIR AUTHORIZATION SINCE THIS WOULD BE A VIOLATION OF THEIR RIGHTS. HE SAID THAT A LIST OF ALL INVESTORS COULD BE USED BY THE SEC OR OTHER PARTS OF THE US GOVT TO INVESTIGATE AMERICAN INVESTORS IN SOFICO FOR POSSIBLE VIOLATIONS OF AMERICAN LAW. IN THIS CASE HE WOULD BE ACTING AS AN "INFOMANT". HOWEVER, HE WOULD PROVIDE ALL RELEVANT INFORMATION IN CASES UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MADRID 02537 150615Z

WHERE THE INVESTOR HAS SPECIFICALLY ASKED THE SEC OR THE EMBASSY TO ACT IN HIS BEHALF)*.

8. EMBOFF ASSURED THE JUDGE THAT THE US GOVT WAS ONLY INTERESTED IN PROTECTING THE RIGHTS OF AMERICAN INVESTORS AND THAT THE SEC WANTS TO ASCERTAIN THAT SOFICO'S OFFICES IN THE US ACTED IN ACCORDANCE WITH US LAW. HE ADDED THAT AS FAR AS THE EMBASSY IS AWARE, THERE IS NO EFFORT TO USE INFORMATION

SUPPLIED BY THE COURT TO LOCATE AMERICANS WHO MAY HAVE CONTRAVENED US LAW THROUGH THEIR INVESTMENTS IN SOFICO.

9. THE JUDGE AFFIRMED THE CONTENT OF EARLIER EMBASSY MESSAGES BY STATING THAT THE SOFICO COMPANIES UNDER "SUSPENSION OF PAYMENTS" ARE NOT BANKRUPT. AS EXPECTED, HE DECLINED SPECULATING ON THE EVENTUAL OUTCOME OF THE SITUATION. HE DID SAY THE EMBASSY "WOULD BE ONE OF THE FIRST TO KNOW".

10. EMBOFF BELIEVES AFTER HAVING REVIEWED THE LISTS OF AMERICAN INVESTORS AND COMPARED THE MASTER LISTS WITH A SAMPLE OF RELATED INDIVIDUAL FILES THAT THE COURT INTERVENTOR HAS NOT OVERLOOKED THE RIGHTS OF AMERICAN INVESTORS AND THERE IS NO REASON TO DOUBT THAT EACH AMERICAN INVESTOR WILL GET EQUAL TREATMENT IN FINAL RESOLUTION OF THE CASE. IN FACT THE JUDGE GAVE HIS WORD THAT "AMERICANS WILL RECEIVE NO MORE NOR LESS CONSIDERATION THAN ALL OTHER INVESTORS IN SOFICO."

11. EMBASSY SUGGESTS IN VIEW OF FACTS THAT: A. MAJORITY OF AMERICAN OWNED SOFICO SOLD APARTMENTS ARE COMPELTED AND THE OWNERS HOLD TITLE; B. COURT INTERVENTOR HAS CAREFULLY COMPILED ALL RELEVANT DOCUMENTS FOR EACH INVESTOR; C. SOFICO CASE IS STILL A JZSUSPENSION OF PAYMENTS" AND NOT A BANKRUPTCY; ANDD. PERSNAL ASSURANCE OF THE JUDGE HANDLING THE CASE GIVEN THAT AMERICAN INVESTORS WILL RECIEVE "EQUAL PROTECTION OF THE LAW;" IT WOULD BE PRECIPITOUS TO DEMAND NAMES OF AMERICAN INVESTORS IN SOFICO AND PERHAPS COUNTERPRODUCTIVE.

12. EMBASSY WILL REPEAT ITS EARLIER REQUEST BY DIPLOMATIC NOTE FOR INFORMATION SOGHT BY SEC IN A LETTER TO THE COURT INTERVENTOR. IN VIEW OF RELATIVELY FEW AMERICAN INVESTORS IT DOES NOT SEEM NECESSARY FOR SEC TO SEND ANY STAFF MEMBERS TO MADRID AT THIS TIME.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 MADRID 02537 150615Z

13. EMBOFF TOOK ADVANTAGE OF VISIT TO REVIEW THE PROCESS EXPLAINED IN MADRID 1764 FOR APARTMENT OWNERS WISHING TO DISSOLVE THEIR CONTRACTS WITH SOFICO VACACIONES AND OBTAIN POSSESSION OF THEIR APARTMENTS. THE COURT INTERVENTOR PROVIDED A COPY OF THE POWER OF ATTORNEY THEY HAVE BEEN GIVING OUT TO THOSE DELEGATING SOMEONE TO ACT FOR THEM IN THIS RESPECT. THE JUDGE STRESSED THAT THE CHOICE TO RENOUNCE ALL CLAIMS AGAINST SOFICO VAVACIONES IN RETURN FOR DISSOLVING A RENTAL CONTRACT AND OBTAINING POSSESSION OF ONES APARTMENT OR TO LEAVE THE CONTRACT INTACT AND BE INCLUDED IN THE LIST OF SOFICO CREDITORS IS THE PRE-ROGATIVE OF EACH INDIVIDUAL INVESTOR. THE COURT MAKES NO RECOMMENDATION BUT WILL ACT EXPEDITIOUSLY ON ALL REQUESTS FOR DISSOLUTION OF RENTAL CONTRACTS. EMBASSY IS SENDING THE SEC A COPY OF THE POWER OF ATTORNEY FORM USED BY THE COURT IN THESE CASES. AMERICAN OWNERS WHO WISH TO GIVE THIS POWER

OF ATTORNEY TO SOMEONE IN SPAIN SHOULD NOTE THAT IT MUST BE
NOTORIZED BY A SPANISH CONSULAR OFFICE IN THE US.
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